

Buyer will periodically allow Seller's employee(s) in Buyer's plant(s) to facilitate and observe the handling and processing of the Market Hogs delivered under this Contract so long as prior notice is given to Buyer and provided that such inspections do not interfere with the operations of such facilities.

Buyer shall note on Seller's truck(s) bill(s) of lading, and before said delivering truck(s) leaves Buyer's plant, of the number, if any, of the hogs arriving at Buyer's plant that are diseased, disabled, dead, or fail to conform to the weight specifications under this Contract. Buyer may, at its option, dispose of or sell such hogs according to the then current program, at Buyer's plant, for disposal of non-conforming hogs; provided, however, that Seller shall receive all proceeds and shall be responsible for all costs, resulting from such disposal or sale.

ARTICLE 7 - PRICE

Section 7.01

The price for the Market Hogs supplied under this Contract, excluding the Excess Market Hogs, shall be the sum of the "Base Price" (as defined below), plus or minus (as the case may be) the "Carcass Merit Adjustment" (as defined below). The Base Price shall be the amount, per carcass cwt., determined pursuant to Buyer's "Base Price Matrix," which is set forth in Exhibit C attached hereto. The Base Price shall be determined in respect of each load of Market Hogs delivered pursuant to this Contract.

If Buyer changes or revises the "Carcass Merit Buying Matrix" currently offered by Buyer (copy attached as Exhibit E), then Buyer shall adjust the price for the Market Hogs supplied under this Contract, excluding the Excess Market Hogs. The adjustment shall be for an amount such that the price for the Market Hogs, based upon the changed or revised "Carcass Merit Buying Matrix", is economically equivalent to the price for the Market Hogs, based upon the "Carcass Merit Buying Matrix" as currently offered by Buyer (copy attached as Exhibit E). Any such adjustment shall be determined in respect to each load of Market Hogs delivered pursuant to this Contract.

The price for the Excess Market Hogs supplied under this Contract shall be the base cash price, per carcass cwt., as offered by Buyer at its plant on the day of delivery of the Excess Market Hogs, plus or minus (as the case may be), the "Carcass Merit Adjustment" (as defined below).